United Nations A/60/691

General Assembly

Distr.: General
22 February 2006

Original: English

Sixtieth session
Agenda items 121 and 136

Financial reports and audited financial statements, and reports of the Board of Auditors

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Report on the implementation of the recommendations of the Board of Auditors concerning United Nations peacekeeping operations for the financial period ended 30 June 2005

Report of the Secretary-General

Summary

The present report provides additional information in response to the recommendations of the Board of Auditors as contained in its report on the United Nations peacekeeping operations for the period ended 30 June 2005 (A/60/5 (Vol. II)). The report is submitted in accordance with paragraph 7 of General Assembly resolution 48/216 B, in which the Secretary-General had been requested to report to the Assembly at the same time as the Board of Auditors submitted its recommendations to the Assembly, on measures taken or to be taken to implement those recommendations.

Given that the Administration has concurred with many of the Board's recommendations and that most of the comments of the Secretary-General have been duly reflected in the report of the Board, the present report addresses only those recommendations that require further comments from the Administration.

06-25106 (E) 060306

I. Introduction

1. In paragraph 7 of its resolution 48/216 B, the General Assembly had requested the Secretary-General to report to it on the measures that would be taken to implement the recommendations of the Board of Auditors at the same time that the report of the Board was submitted to the Assembly. Accordingly, the present report is submitted in response to the recommendations of the Board contained in its report on the accounts of the United Nations peacekeeping operations for the 12-month period ending 30 June 2005.

2. In preparing the present report, account was taken of the provisions of the following General Assembly resolutions:

(a) Resolution 52/212 B (in particular paras. 2 to 5) and the note by the Secretary-General transmitting the proposals of the Board for improving the implementation of its recommendations approved by the Assembly (A/52/753, annex);

(b) Resolution 58/249 (in particular paras. 4 and 10, regarding consolidation of reports on the status of implementation of the recommendations of the Board);

(c) Resolution 60/254, in which the Assembly, in paragraph 11, re-emphasized the requirement of inclusion by the Secretary-General in future reports of information on the setting of time frames, the identification of office-holders, and provisions for implementation.

II. Additional comments on the recommendations contained in the report of the Board of Auditors

3. **In paragraph 38 of the report of the Board of Auditors, the Board recommended that the Administration assess the reasons for the increase in savings and cancellations of prior-year unliquidated obligations and implement measures to address the shortcomings.**

4. The Accounts Division continues to reiterate to field missions and to the Department of Peacekeeping Operations the importance of accuracy in establishing obligations, which would ultimately result in reduced savings. The Controller has also written to the Office of Mission Support/Department of Peacekeeping Operations asking for corrective actions to be taken. The obligations at the close of fiscal 2006 will be closely reviewed for appropriateness and accuracy.

5. **In paragraph 41, the Board remained of the view that the clearance of those long-outstanding amounts would be possible only with the intervention of the Member States concerned.**

6. The Secretary-General is submitting a proposal on consolidation of accounts, which, if approved by the General Assembly, would permit the settlement of long-outstanding payables in the accounts of closed missions with cash deficits.

7. **In paragraph 44, the Board reiterated its view that the clearance of these long-outstanding amounts would be possible only with the intervention of the Member States concerned.**

8. The Secretary-General shall continue to seek the assistance of the concerned Member States in order to clear these long-outstanding amounts in the United Nations Peacekeeping Force in Cyprus (UNFICYP) account.

9. **In paragraph 78, the Administration agreed with the Board's recommendation to, in consultation with the United Nations Development Group and the Inter-Agency Procurement Working Group, pursue initiatives within predetermined time frames to improve inter-agency procurement activities.**

10. Opportunities for further collaboration among United Nations organizations will be discussed at the Inter-Agency Procurement Working Group meeting in June 2006.

11. **In paragraph 137, the Board recommended that the Administration shorten the contract-letting process between the submission of cases to Headquarters and the date of the final recommendation of the Headquarters Committee on Contracts.**

12. Implementation of this recommendation is ongoing. It is constrained by the lack of adequate resources. Additional resources, however, are being requested.

13. **In paragraph 151, the Board recommended that the Administration subject air carriers to an on-site review in a cost-effective manner, before adjudicating contracts.**

14. In addition to the comments of the Department of Peacekeeping Operations contained in paragraph 152 of the report, there has been a request by the Department of Peacekeeping Operations for additional staffing resources in the submission of the support account budget for 2006-2007 to augment the current resources of the Air Transport Unit.

15. **In paragraph 171, the Department of Peacekeeping Operations agreed with the Board's recommendation that it implement measures to ensure that the technical compliance and inspection/performance evaluations were performed at all missions to ensure the carriers' compliance with aviation and safety requirements.**

16. The Department of Peacekeeping Operations confirms that field missions are current in the periodic submission of performance evaluation reports to Headquarters. The delay noted with respect to the United Nations Mission in the Sudan (UNMIS) occurred during the start-up phase of the Mission and has since been corrected.

17. **In paragraph 207, the Board recommended that the Department of Peacekeeping Operations reinforce the implementation of the rotation policy at peacekeeping missions where vehicles within the same categories were rotated to optimize efficiency and utility.**

18. The Department of Peacekeeping Operations will remind field missions of the importance of strict compliance with the provisions of the Surface Transport Manual relating to the rotation of vehicles.

19. **In paragraph 218, the Department of Peacekeeping Operations agreed with the Board's recommendation that the implementation of CarLog, after the system's shortcomings have been adequately addressed, should be rolled out to all peacekeeping missions.**

20. The Department of Peacekeeping Operations wishes to clarify that the installation and maintenance of the CarLog system require significant investment. To ensure positive return on investment, the system is installed selectively. Missions with fewer vehicles and/or short expected lifespan do not generate sufficient benefits/savings to warrant the installation of the system. Additionally, the system is installed only on United Nations-owned vehicles. The Motor Transport Manual provides for the rules governing the use of field mission vehicles and stresses the importance of full compliance with the provisions of the Manual.

21. **In paragraph 240, the Board reiterated its recommendation that the Administration expedite the promulgation and implementation of its policies and procedures on strategic deployment stocks as a matter of priority.**

22. On 30 January 2006, the Department of Peacekeeping Operations expanded Senior Management Team approved the policies and procedures on strategic deployment stocks and the promulgation process is in progress.

23. **In paragraph 278, the Board recommended that the Administration continue to pursue and formalize the concept of integrated mission partnerships, and determine their function, structure and role as well as finalize guiding principles, policies and guidelines to govern integrated missions.**

24. Following extensive inter-agency consultations, a revised Note of Guidance on Integrated Missions was issued on 7 February 2006, which addresses the concerns expressed in the recommendation.

25. **In paragraph 284, the Board recommended that the Administration, using the United Nations Development Group platform, consult extensively with the United Nations country teams from the first phase of the mission-planning process to ensure that their specialized knowledge and expertise were utilized.**

26. The Department of Peacekeeping Operations is revising the Integrated Mission Planning Process (IMPP). The United Nations Development Group Office has been closely affiliated with the revision process and the field perspective was duly taken into consideration. This project is scheduled to be completed by April 2006.

27. **In paragraph 289, the Board recommended that the Department of Peacekeeping Operations, in collaboration with the relevant peacekeeping missions, develop and implement regional coordination plans aligned to the missions' objectives.**

28. This recommendation is not accepted. Inter-mission cooperation derives from mandated redress of issues directly related to regional/cross-border interests, and is both in accordance with and constrained by the individual mission mandate, limitations on resource-sharing and operational priorities. A "plan" for regional coordination as recommended by the Board of Auditors is not appropriate but, where useful, is undertaken through regular and systematic communications, information exchange, and political interventions to address arms control, illicit/foreign armed groups and other issues that are by definition "cross-border".

29. **In paragraph 323, the Board recommended that the Administration continue its efforts to address the shortcomings identified by the Office of Internal Oversight Services review and expedite the full implementation of the recommendations.**

30. As acknowledged by the Board of Auditors, the missions had implemented 85 per cent of the recommendations of the Office of Internal Oversight Services as at December 2005. While actions are ongoing for the remaining accepted recommendation, the five noted in paragraph 320 as outstanding pertain to the United Nations Mission of Support in East Timor (UNMISET) and the United Nations Mission in Sierra Leone (UNAMSIL), which are closed missions.

31. **In paragraph 335, the Board recommended that the Administration monitor missions' compliance with leave policies and procedures and ensure that accurate leave records were maintained.**

32. The Integrated Management Information System (IMIS) peacekeeping gaps analysis revealed that IMIS had covered requirements for most time and attendance processing, but not for mission subsistence allowance (MSA) and leave records used in its calculation. The Steering Committee decided, at its meeting in May 2005, to defer moving ahead with the implementation of IMIS in peacekeeping missions pending the completion of the IMIS-enterprise resource planning (ERP) gaps study which was being commissioned. The outcome of the study would include a strategic approach to enterprise systems to replace IMIS and other administrative support systems. The study is expected to be completed in March 2006.

33. As mission subsistence allowance amounts are determined based on calculations reflecting the number of days staff members are present in the mission area, field missions frequently track time and attendance and maintain leave records through alternative systems (such as the Matrix system, designed to facilitate in the field the tracking of time and attendance and automate the necessary calculation, processing and tracking of mission subsistence allowance payments).

34. The above notwithstanding, the Department of Peacekeeping Operations continues to provide close guidance to the missions. The Department has allocated dedicated resources to support training, user support and policy guidance for the field missions.

35. **In paragraph 385, the Board recommends that the Office of Internal Oversight Services refine its basis for allocating resources for the audit of peacekeeping missions.**

36. The Office of Internal Oversight Services will be guided by the outcome of the comprehensive review of its operations, functions and independence. This will be completed by end of April 2006 and will offer recommendations on metrics for determining adequate resourcing for the Office.

37. **In paragraph 388, the Board recommended that the Office of Internal Oversight Services expedite the filling of all posts to ensure that the units could execute the planned audit actions.**

38. This recommendation has been implemented. Interviews have been conducted and more are planned for the purpose of building a roster of qualified candidates.

39. **In paragraph 396, the Board recommended that the Department of Peacekeeping Operations instruct missions to return to the Office of Internal Oversight Services the client satisfaction survey forms in order to facilitate the improvement of the audits and the cooperation between mission management and resident auditors.**

40. The instruction to implement this recommendation was faxed to all missions on 7 February 2006.

41. **In paragraph 402, the Board recommended that the Department of Peacekeeping Operations, in close consultation with peacekeeping missions, carefully analyse the elements leading to reported fraud and properly take the necessary punitive measures, draw lessons and share those lessons systematically with other peacekeeping missions.**

42. In addition to the activities of the Department of Peacekeeping Operations noted in paragraph 403 of the report, there have been disciplinary/punitive actions already taken on 8 of the 18 fraud cases relating to the United Nations Mission in Sierra Leone. While the disappearance of a staff member has made it impossible for any further action to be taken on that staff member's case, due process is ongoing with respect to the remaining nine cases.

43. **In paragraph 405, the Board recommended that the Administration ensure the accuracy and consistency of information reported on cases of fraud or presumptive fraud. The Board further recommended that the Administration confirm to the Board of Auditors the final list of fraud and presumptive fraud cases.**

44. The annual reminder sent out to all peacekeeping missions will stress strict compliance with the requirement of ensuring accurate and complete reporting of cases of fraud. It has been confirmed that the list submitted to the Board of Auditors by the Office of Programme Planning, Budget and Accounts in connection with the United Nations Mission in Sierra Leone was accurate. According to the Mission, the differences in respect of three cases were due to the fact that (a) one case had pre-dated the reporting period and (b) two cases had been withdrawn.

45. **In paragraph 414, the Board reiterated its previous recommendation that resident auditors at missions conduct reviews of the portfolio of evidence supporting results, on a test basis, to ensure the accuracy and completeness of the performance reports, thereby increasing their credibility.**

46. This recommendation will be implemented in the course of 2006. Implementation is planned for several missions throughout this year.

47. **In paragraph 424, the Board recommended that the Administration refrain from supplying obsolete or soon-to-be-obsolete equipment.**

48. The Department of Peacekeeping Operations monitors and ensures the serviceability of surplus non-expendable property items that are transferred to new or expanding missions to meet immediate operational requirements. The Department will continue to ensure compliance with the established rules relating to the transfer of non-expendable property items.

III. Time frames, office-holders and priorities

49. In paragraph 11 of General Assembly resolution 60/234, the Secretary-General was requested to include in future reports on the implementation of the recommendations of the Board of Auditors information on the setting of time frames, the identification of office-holders, and priorities for the implementation of the recommendations of the Board.

50. In respect of time frames, every effort has been made by the Administration to establish target dates for completing the implementation of recommendations. However, the Administration considers a total of 27 cases to be ongoing tasks for which target dates for completion cannot be set. These recommendations primarily entail requests for compliance with procedures for routine functions such as reviewing obligations, management and ageing of receivables, bank and cash management practices, and evaluation of vendors.

51. With regard to prioritization, the Administration has noted that the Board categorized 20 of the 72 recommendations as "main" recommendations. While all accepted recommendations of the Board will be implemented in a timely manner, these main recommendations will be considered to be of the highest priority. Tables A and B below summarize status of implementation of recommendations as at February 2006.

Table A
Status of implementation of main recommendations

Department responsible	Number of recommendations	Not accepted	Completed	Ongoing	Target date set	No target date
DPKO	16		1	6	9	
DM	4			4		
Total	**20**		**1**	**10**	**9**	

Table B
Status of implementation of all recommendations

Department responsible	Number of recommendations	Not accepted	Completed	Ongoing	Target date set	No target date
DPKO	54	1	10	21	22	
DM	15			6	8	1
OIOS	3		1		2	
Total	**72**	**1**	**11**	**27**	**32**	**1**

Abbreviations: DPKO, Department of Peacekeeping Operations; DM, Department of Management; OIOS, Office of Internal Oversight Services.